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By: **Delegate Doory**  
Introduced and read first time: February 5, 2003  
Assigned to: Economic Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Corporations - Investment Companies**

3 FOR the purpose of providing that under certain circumstances certain debts,  
4 liabilities, obligations, and expenses existing with respect to a particular class or  
5 series of stock of an investment company are enforceable only against the assets  
6 associated with that class or series; exempting transfers of assets by open-end  
7 investment companies from requirements for stockholder approval and articles  
8 of transfer under certain circumstances; and generally relating to Maryland  
9 investment companies.

10 BY adding to  
11 Article - Corporations and Associations  
12 Section 2-208.2  
13 Annotated Code of Maryland  
14 (1999 Replacement Volume and 2002 Supplement)

15 BY repealing and reenacting, with amendments,  
16 Article - Corporations and Associations  
17 Section 3-104(a)  
18 Annotated Code of Maryland  
19 (1999 Replacement Volume and 2002 Supplement)

20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
21 MARYLAND, That the Laws of Maryland read as follows:

22 **Article - Corporations and Associations**

23 2-208.2.

24 IF THE CHARTER OF A CORPORATION REGISTERED AS AN INVESTMENT  
25 COMPANY UNDER THE INVESTMENT COMPANY ACT OF 1940 CREATES ONE OR MORE  
26 CLASSES OR SERIES OF STOCK, AND IF SEPARATE AND DISTINCT RECORDS ARE  
27 MAINTAINED FOR THE CLASS OR SERIES AND THE ASSETS ASSOCIATED WITH THE  
28 CLASS OR SERIES ARE HELD AND ACCOUNTED FOR SEPARATELY FROM THE OTHER

1 ASSETS OF THE CORPORATION, OR ASSETS ASSOCIATED WITH ANY OTHER CLASS OR  
2 SERIES:

3 (1) THE DEBTS, LIABILITIES, OBLIGATIONS, AND EXPENSES INCURRED,  
4 CONTRACTED FOR, OR OTHERWISE EXISTING WITH RESPECT TO A PARTICULAR  
5 CLASS OR SERIES ARE ENFORCEABLE AGAINST THE ASSETS ASSOCIATED WITH THAT  
6 CLASS OR SERIES ONLY, AND NOT AGAINST THE ASSETS OF THE CORPORATION  
7 GENERALLY OR ANY OTHER CLASS OR SERIES OF STOCK; AND

8 (2) THE DEBTS, LIABILITIES, OBLIGATIONS, AND EXPENSES INCURRED,  
9 CONTRACTED FOR, OR OTHERWISE EXISTING WITH RESPECT TO THE CORPORATION  
10 GENERALLY OR ASSOCIATED WITH ANY OTHER CLASS OR SERIES ARE NOT  
11 ENFORCEABLE AGAINST THE ASSETS ASSOCIATED WITH THAT CLASS OR SERIES.

12 3-104.

13 (a) Notwithstanding any other provision of this subtitle, unless the charter or  
14 bylaws of a corporation provide otherwise, the approval of the stockholders and  
15 articles of transfer or share exchange, as the case may be, are not required for any:

16 (1) Transfer of assets by a corporation in the ordinary course of business  
17 actually conducted by it or as a distribution as defined in § 2-301 of this article;

18 (2) Mortgage, pledge, or creation of any other security interest in any or  
19 all of the assets of a corporation, whether or not in the ordinary course of its business;

20 (3) Exchange of shares of stock through voluntary action or under any  
21 agreement with the stockholders; [or]

22 (4) Transfer of assets by a corporation to one or more persons if all of the  
23 equity interests of the person or persons are owned, directly or indirectly, by the  
24 corporation; OR

25 (5) TRANSFER OF ASSETS BY A CORPORATION REGISTERED AS AN  
26 OPEN-END INVESTMENT COMPANY UNDER THE INVESTMENT COMPANY ACT OF 1940.

27 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
28 June 1, 2003.